

Committee on Resources, Full Committee

- - Rep. James V. Hansen, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6201 - - (202) 225-2761

Witness Statement

TESTIMONY
OF
RICHARD GLENN
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July 11, 2001
House Committee on Resources

My name is Richard Glenn. I am the Vice President of Lands for Arctic Slope Regional Corporation (ASRC). I am here to offer testimony in support of the passage of the Energy Security Act (or, the "Act"), and wish to give specific support to Title V of the Act, which is titled, "The Arctic Coastal Plain Energy Security Act of 2001".

ASRC is the Alaska Native-owned regional corporation representing the Inupiat Eskimos of Alaska's North Slope. ASRC owns surface and subsurface title to certain Alaskan North Slope lands. This ownership stems from an earlier claim of aboriginal title - covering the entire Alaskan North Slope - that was eventually settled in part by the Alaska Native Claims Settlement Act of 1971 (ANCSA). Under the terms of ANCSA, ASRC's land selection rights, which amounted to a small fraction of what was originally claimed as aboriginal title, were further limited by what at that time were pre-existing state and federal withdrawals. ASRC's corporate mission is to enhance the cultural and economic freedoms of its shareholders.

With title to approximately 4.6 million acres of surface and subsurface estate, our regional corporation represents the biggest North Slope landowner outside of the federal government. ASRC lands include the subsurface estate to 92,160 acres of land within the Arctic National Wildlife Refuge (ANWR) Coastal Plain. The ASRC-owned ANWR subsurface estate lies under and adjacent to the Inupiaq village of Kaktovik. The Kaktovik Native village corporation, KIC, holds the surface title to these same lands.

More than eight thousand Inupiat comprise the membership of ASRC, seventy-five percent of whom live in Arctic Slope communities scattered from the Canadian border in the east to the Chukchi Sea in the west, covering an area about the size of the state of Minnesota. We live close to the land and sea and depend on the resources they provide, including caribou, fish, seabirds and marine mammals. In addition, we also depend on jobs, because today's subsistence lifestyle demands a mix of financial resources and traditional resources. As a result, the values of our people and of our regional corporation reflect our recognition of the benefits of careful stewardship of the land and the need for gainful employment for our people. This blend of development and stewardship is reflected in a core value statement of our corporation, which states that we

"shall develop our lands and resources by means that respect Inupiat subsistence values and ensure proper care of the environment, habitat and wildlife."

As owners of lands which we view as our traditional homeland, as subsistence hunters who have close ties to the land and sea and the resources they provide, and as village and North Slope community residents who have witnessed firsthand the exploration and development of Alaskan North Slope by the oil industry, we offer our support of the Arctic Coastal Plain Energy Security Act of 2001. In doing so, we have three main priorities: First, the protection of our subsistence way of life and the resources upon which we depend. Second, the opportunity for economic self-determination by allowing environmentally responsible exploration and development of Native-owned lands within ANWR. Third, the opening of the public lands of the Coastal Plain to responsible oil and gas exploration and development.

A BALANCE OF STEWARDSHIP AND RESPONSIBLE DEVELOPMENT

In our region we constantly balance the protection of the land with the need for environmentally sound exploration and development of natural resources. In our view, the Act provides this kind of balance, and it obligates the Secretary of Interior to follow a method of careful stewardship regarding oil and gas exploration and development in the ANWR Coastal Plain. The method has proved itself with successful exploration and development of other federal North Slope lands - most recently in the National Petroleum Reserve in Alaska (NPR-A).

The Inupiat people have contributed to responsible North Slope oil and gas development. Thirty years ago, our people were strongly opposed to all forms of oil and gas development in our region. We feared it. With our regard for the environment in mind, we created strong permitting and zoning policies within our local borough government. We were not complacent with oil development, we were - and still remain - vigilant. In the face of strong local development ordinances, oil industry exploration and development methods have improved over the last twenty-five years. We have fought, argued, commented and complained, and on occasion we have said, "No"; and the industry has listened. As a result, today's oil industry on the North Slope is a far cry from the industry of the past. In fact, we believe that the North Slope oil and gas practices of today are the best examples of environmentally responsible development. Industry practices still are not perfect, and we remain vigilant, in an effort to continually improve industry's performance in our environment. We are confident that with the appropriate level of local consultation and control, the Coastal Plain of ANWR can be explored and developed in a way that protects natural resources for everyone.

The oil industry of today follows a strict local permitting and zoning process that protects areas warranting special designation. Our Inupiat people have a part in this process at all governmental levels. Today's drill rigs explore in the winter season, when a snow and ice cover has formed a protective layer between exploration equipment and the underlying tundra. Seismic acquisition is now conducted by vibrating vehicles rather than the shothole/dynamite methods of the past. Drilling practices are strongly regulated by state and federal agencies, and no drilling wastes or equipment are left onsite after an exploratory well is completed. Finally, production facilities are located only in acceptable areas, and occupy a small fraction of their former area. The advent of directional drilling and the streamlining of production methodology has allowed for the smaller footprint of infrastructure in Alaska's oil fields. Once in place, production facilities have little or no impact on local fish and wildlife resources of the area.

ECONOMIC SELF-DETERMINATION FOR ALASKA'S INUPIAT PEOPLE

In northern and northwestern Alaska, there is no industry except for resource extraction. The land is too cold for agriculture, and too remote for refined manufactured products. In addition, the way of life in our rural communities has with time become a combination of subsistence and cash economies. As a result, our people are needful of both a healthy natural environment and access to gainful employment. With the

exception of a small amount of tourism and government service positions, our people can look only to resource development for jobs within our region. Hence, we have assisted with the development of the North Slope oil and gas resources through our own Native-owned oil field service company subsidiaries, which has employed and developed the skills of our people. In addition, we have made efforts to seek title to subsurface and surface lands, including the KIC lands acreage, that hold natural resource potential, that we might benefit from the oil and gas industry as a resource owner of lands that have been traditionally used by our people. As it now stands, we are prevented from developing our Kaktovik-area lands due to Section 1003 of ANILCA. The exploration and development of the Coastal Plain of ANWR, including the KIC lands, then represents an issue of economic self-determination for our people.

In addition, our local government and village residents realize great benefit from the sustained presence of the oil and gas industry on the North Slope. Because of the practices developed over time on Alaska's North Slope, the residents of the North Slope Borough live in a land with few environmental hazards, and have begun to build in their communities what is often taken for granted in the rest of this country. Facilities for education, health care, police and fire protection, reliable power generation, and sanitation all have been initiated by the North Slope Borough, thanks to a revenue stream generated by the taxation of property including oilfield infrastructure. In the absence of new development such as the potential development of the Coastal Plain, the North Slope Borough revenues would see a sharp decline, due to the depreciation of the older Prudhoe

Bay infrastructure. Our communities are cleaner and safer, our people are living longer, and our children no longer have to travel a thousand miles or more to get a primary and secondary education.

With Borough operating revenue as well as programs initiated by our Native organizations, we are building training programs to give our local workforce skills to participate anywhere in today's economy. For example, we have established an education foundation at ASRC that provides financial assistance to Inupiat members interested in obtaining a college degree or technical training. Finally, ASRC continues to incorporate into its business the Inupiat value of respecting and taking care of our elders. ASRC has established an elders benefit trust that provides elderly Inupiat members with a monthly stipend to offset the high cost of living in the region. Many of our elders do not have retirement funds as many did not work prior to the introduction of the oil industry within our region. The reason for this is simply because prior to the oil industry we did not have an economy, and thus no jobs for our elders to work at to save for a retirement fund.

IN THE NATIONAL INTEREST

Finally, we view the exploration and development of the ANWR Coastal Plain as in the nation's interest. This ANWR Coastal Plain marks the most significant onshore area for potentially large accumulations of oil and gas in the nation. Even with conservation and assuming that the United States oil demand remains static, there needs to be new production to replace production from older declining fields. The supergiant Prudhoe Bay oil field, which once produced twenty percent of the nation's crude supply, has declined to less than half of its peak production. America needs a continuing source of domestically produced oil. The alternative, importing oil from countries of political instability, or from countries with less than acceptable environmental practices, will surely do more harm than good.

COMMENTS ON SPECIFIC PROVISIONS WITHIN TITLE V OF THE ACT

Section 503 (d) - Relationship to State and Local Authority - ASRC strongly supports this provision, and the

desire of the North Slope Borough to retain its broad governmental powers regarding development in the Coastal Plain. These powers, including planning, permitting, zoning, right-of-way determination, and taxation are the tools by which the residents of the North Slope become stakeholders in the development of Coastal Plain lands.

Section 503 (e) - Special Areas - ASRC strongly supports the provision that mandates the participation of Kaktovik and the North Slope Borough in the selection of lands, if any, for designation of special areas worthy of special management or protection. The local residents have the most to offer in determining the special status of any lands, and should be consulted.

Section 506 (a) (7) - ASRC strongly supports the provision that mandates lessees, agents and contractors of Coastal Plain exploration and development follow the terms of section 29 of the 1974 Federal Agreement and Grant of Right of Way for the Operation of the Trans-Alaska Pipeline, of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State.

Section 507 Coastal Plain Environmental Protection - ASRC Strongly encourages local consultation for all the terms of *Section 507 Parts a- through f*. In light of the successful process adopted by the Department of Interior for the exploration and development of the northeastern part of the National Petroleum Reserve in Alaska, ASRC suggests that Interior adopt a similar framework to incorporate consideration of local input from the village of Kaktovik and from the North Slope Borough for environmental protection measures regarding the Coastal Plain of ANWR. Such input would include strong recommendations for siting of consolidated facilities where the local population desires, so that village residents can benefit from jobs, and the proposed facilities can benefit from existing infrastructure.

Section 507 (d)- ASRC recommends strengthening this section to mandate that subsistence access is ensured.

Section 510 Conveyance - ASRC strongly supports the entirety of Section 510, which addresses the completion of conveyance of the surface title of the KIC lands to the Village Corporation and conveyance of the subsurface title of the same lands to ASRC, in the interest of removing any clouds on title.

Section 511 Impact Fund Assistance - ASRC strongly supports Section 511 of the Act, which provides for Impact Fund Assistance, following the model of the NPR-A impact fund assistance program. Although the positive impacts of development may often outweigh any negative ones, the negative impacts still do exist. The villages closest to the effects of oil and gas development are always in the most need of impact fund assistance to address some of the direct negative effects of development.

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